

Signing Ceremony: Cost-Benefit ANPRM

Thursday, June 7, 2018

11:30 am – Administrator's Office

Background

- EPA has used questionable methods to quantify the costs and benefits of its regulations.
- EPA has already taken steps to improve its benefit-cost analysis. For example:
 1. **Social Cost of GHGs:** Per President Trump's E.O. 13783, EPA updated the social cost of carbon (SCC) and social cost of methane (SCM) estimates used in benefit-cost analysis (e.g., 2016 avg. SCC=\$36/ton, 2017 avg. SCC=\$5/ton; 2016 avg. SCM=\$1,100/ton, 2017 avg. SCM=\$150/ton).
 2. **Co-benefits:** More than 80% of the purported benefits of air regulations issued by the previous administration were justified by PM2.5 co-health benefits (e.g., MATS, CPP).
- Other issues remain – many EPA statutes provide language on the consideration of costs and benefits, but costs and benefits have historically been interpreted differently by EPA depending on the office promulgating the regulatory action.
- This has lead to EPA choosing different standards under the same provision of the statute and developing internal policies through non-transparent actions, creating uncertainty for the regulated community. For example:
 - One regulation may argue that costs of \$3,000/ton VOC reduction is reasonable, but another rule may argue that \$5,000/ton is reasonable.
 - Costs have been argued to be reasonable because industry won't go bankrupt.
 - Discrepancies in baseline assumptions can result in double-counting costs and benefits (e.g., CPP assumed full implementation for MATS and CCR).

Deliberative Process / Ex. 5

Attendees from the Office of Policy

- Brittany Bolen
- Amy Lamson, Director, Office of Regulatory Policy and Management (ORPM)
- Al McGartland, Director, National Center for Environmental Economics (NCEE)
- Elizabeth Kopits, NCEE
- Alex Marten, NCEE
- Ken Munis, NCEE